# GOVERNMENT OF INDIA
# SOCIAL JUSTICE AND EMPOWERMENT
# LOK SABHA

STARRED QUESTION NO:336
ANSWERED ON:15.12.2005
DIVERSION OF FUNDS BY NGOS VOS
Gadhavi Shri Pushpdan Shambhudan;Mandal Shri Sanat Kumar

**Will the Minister of SOCIAL JUSTICE AND EMPOWERMENT be pleased to state:**

(a) whether the Government is aware that a large number of NGOs/VOs are receiving Central Assistance under the various schemes of the Ministry and these organizations divert the funds into non-specific purposes by violating ethical standards and rules;

(b) if so, the details thereof;

(c) whether a detailed audit of the NGOs and VOs which are getting Government funds is being carried out on annual basis;

(d) if so, the details thereof;

(e) if not, whether the Government proposes to formulate a policy for conducting annual audit of accounts of all NGOs and VOs by a statutory authority to check irregularities and misuse of Government funds; and i;

(f) if so, the details thereof?

## Answer

MINISTER OF THE STATE IN THE MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT (SMT. MEIRA KUMAR)

(a) to (f) A statement is laid on the Table of the House.

Statement referred in reply to parts (a) to (f) Lok Sabha Starred Question No.336 to be answered on 15- 12-2005 regarding diversion of funds by NGOs/Voluntary Organizations raised by Shri Sanat Kumar Mandal and Shri P.S.Gadhavi

The grant in aid to the extent of 90% of the approved project cost is released to the NGO each year on the basis of past performance and on receipt of audited accounts duly certified by a Chartered Accountant. Thus provision for annual audit is built into the schemes.

Before grant-in-aid is released, the NGOs are required to execute a bond agreement with the Government for abiding by certain terms and conditions. The terms and conditions include the utilisation of the grant-in-aid for the specified purpose, maintenance of separate accounts for the grant released and refund of the unspent balance. Whenever it comes to the notice of the Government as a result of inspection or information from other sources, that an NGO has misutilised the grant, further release of grant in aid is suspended . Thereafter, a show cause notice is issued to the management of the NGO and if their explanation is found to be unsatisfactory, action is taken to blacklist the organisation.